



Liberty Place, Suite 700  
325 Seventh Street, NW  
Washington, DC 20004-2802

(202) 638-1100 Phone  
[www.aha.org](http://www.aha.org)

June 14, 2002

The Honorable Bill Thomas  
Chairman  
Committee on Ways and Means  
U.S. House of Representatives  
1102 Longworth House Office Building  
Washington, DC 20515

Dear Chairman Thomas:

On behalf of the American Hospital Association's (AHA) more than 5,000 hospitals, health systems, networks, and other providers of care, I am writing to express our support for the draft House Medicare package. We believe this legislation will take another step forward in addressing the unintended consequences of the Balanced Budget Act (BBA), as well as improve payments for all hospitals, particularly rural hospitals. Consequently, we support this legislation, and urge Members to vote in favor of its passage.

The legislation includes a number of provisions that provide relief to hospitals, and therefore begins to address the pressures America's hospitals are experiencing today. Such provisions include:

- An increase of market basket minus .25% in Fiscal Year 2003 for all hospitals except for Sole Community Hospitals, who will receive full market basket in Fiscal Year 2003, and full market basket updates for all hospitals in Fiscal Year 2004 and beyond;
- Adjustments for Indirect Medical Education (IME) of 6.0% in Fiscal Year 2003 and 5.9% in Fiscal Year 2004;
- Equalization of the standardized amount for rural and other urban hospitals, phased in over a two-year period;
- Increases in Medicare DSH payments to rural hospitals and other hospitals of fewer than 100 beds; and
- Improvements in the Critical Access Hospital program;

In addition, the bill will provide relief for skilled nursing facilities, permanently eliminate the upcoming 15% reduction in home health payments, continue the 10% add-on for rural home health agencies, and accelerate the buy-down of beneficiary coinsurance for Medicare outpatient hospital services.

As you know, we remain concerned about upcoming reductions in the Medicaid DSH program, and the harm those cuts will cause to our members' ability to provide services for this most vulnerable population. We understand you are equally concerned about these reductions, and we look forward to working with you to eliminate these pending cuts before the end of the Congressional session. In addition, we would like to continue to work with you to pursue additional changes regarding two provisions of the draft legislation related to inpatient technology and electronic prescribing.

We look forward to working with the Senate and in conference to achieve further refinements to the bill. Again, we appreciate your efforts to achieve additional relief for hospitals this year.

Sincerely,

A handwritten signature in cursive script, reading "Rick Pollack".

Rick Pollack  
Executive Vice President